

Following is a summary of important business news published in the leading daily newspapers of Bangladesh. For the complete news, please follow the online link given below each news. Please note that the news summary doesn't reflect the opinion of BRAC EPL Stock Brokerage Limited.

Tightrope walk for finance minister

- The government unveils the budget for fiscal year 2021 today (Thursday) expanding the social safety-net, but the health sector, as indications are available, is likely to get scanty attention despite the pandemic-spurred public health emergency. Finance minister AHM Mustafa Kamal is set to place the budget proposal for the next fiscal in parliament at 3:00pm. Finance minister is set to place the fiscal blueprint before Jatiya Sangsad with a record outlay of BDT 5.7 trillion. Last year's budget size was BDT 5.2 trillion.
- The upcoming budget will incorporate various proposals for agriculture- and food-friendly programmes, expansion of the social safety net, recovery of afflicted industries, trade and commerce, and employment generation. The upcoming budget will incorporate various proposals for agriculture- and food-friendly programmes, expansion of the social safety net, recovery of afflicted industries, trade and commerce, and employment generation.
- The budget, which will be the country's 49th since Independence, aims to allocate 3.0% of GDP for social safety net programmes, over 1.0% of GDP for the health sector and BDT 1,070 billion as subsidies for agriculture. It is the 12th budget in a row by the ruling Awami League government. Of the BDT 5.7 trillion, the authorities will chase BDT 3.8 trillion coming from the National Revenue Board (NBR), non-NBR and non-tax revenue. The NBR alone is supposed to contribute BDT 3.3 trillion.
- On Friday (June 12, 2020), the finance minister will hold a post-budget press conference at 3:00pm through videoconferencing. One can join the press briefing on the scheduled date and time on Zoom – a videoconferencing application.

<https://today.thefinancialexpress.com.bd/first-page/tightrope-walk-for-kamal-1591810679>

<https://tbsnews.net/economy/budget/budget-2020-21-be-placed-parliament-thursday-91357>

Bangladesh gross public debt to be more than 40% of GDP in FY21: International Monetary Fund (IMF)

- Bangladesh's gross public debt will rise to 40.1% of GDP in FY21, according to an [International Monetary Fund](#) report. Gross debt will exceed 40% for the first time since FY08, the report said. According to IMF, the world was hit by the Great Recession that year. Bangladesh's gross public debt is 38.9% of GDP in FY20.
- It forecasted gross debt for countries around the world – including Bangladesh, India, Nepal, Pakistan, and Sri Lanka – in its recently-published flagship report "Fiscal Monitor – April 2020." Gross public debt is all liabilities that require future payment of interest and principal by the government.
- Bangladesh's economy will go through a slump in the current fiscal year due to the Covid-19 outbreak. The economy will not fully recover in the next fiscal year either. To mitigate the effects of Covid-19, the government will adopt an expansionary fiscal policy, which will increase public debt.
- According to the draft budget of FY2020-21, the budget deficit is expected to be around BDT 1.9 trillion. Despite the crisis in the banking sector, the government's reliance on the sector has been growing. Of the deficit budget amount, the government wants to borrow BDT 849.8 billion from the banking sector, BDT 250.0 billion from the non-banking sector, and BDT 760.0 billion from foreign sources.
- In South Asia, only Nepal will maintain gross debt below 40.0% of total GDP in 2021 – around 38.76%. Sri Lanka will see the highest gross debt – 92.1% of total GDP – followed by Pakistan, 83.4%, and India, 73.8%.

<https://tbsnews.net/economy/bangladesh-gross-public-debt-be-more-40-gdp-fy21-imf-91525>

Bank debt target likely at BDT 880.0 billion

- The government is likely to set its bank borrowing target at BDT 880.0 billion to partly finance the budget deficit for fiscal year 2020-21. According to a senior official familiar with the public-debt management, the government will borrow the money from all banks by issuing Treasury Bills and Bangladesh Government Treasury Bonds to close budget gap, defined as the difference between overall expenditure and revenue and other receipts.
- The government borrowed nearly BDT 750.0 billion from the banks by issuing T-bills and bonds until June 08 to plug budget imbalance. The government has already exceeded its revised bank borrowing target fixed at BDT 729.5 billion. Earlier, the government had lifted its bank borrowing target by more than 54% from the original goal of BDT 473.6 billion for the outgoing fiscal year.

■ The government is set to make a net borrowing of nearly BDT 142.0 billion from the country's banking system in June, the last month of the FY '20. The government may take up to BDT 260.0 billion as gross borrowing from the banking system in June 2020 by issuing T-bills and bonds, according to the auction calendar, issued by the central bank recently. The government's net bank borrowing may reach BDT 141.80 billion in a single month (June), after deducting BDT 118.2 billion against the government securities that would be mature in the month.

■ Currently, three T-bills are being transacted through auctions to adjust government borrowings from the banking system. The T-bills have 91-day, 182-day and 364-day maturity periods. Five government bonds with tenures of 02, 05, 10, 15 and 20 years respectively are traded on the money market.

<https://today.thefinancialexpress.com.bd/first-page/bank-debt-target-likely-at-BDT -880b-1591810837>

Sales of savings tools drops 73.0% in July-February

■ The net sales of national savings certificates (NSC) fell by around 73% in the first eight months of the current fiscal year– July to February– thanks to the strict regulations of the government to lessen investment in high interest-bearing savings tools. Net sales of savings tools fell by 72.9% or BDT 259.4 billion year-on-year to BDT 96.7 billion during the period (July-February) from BDT 356.0 billion in the same period of the last fiscal year, according to the latest data Bangladesh Bank (BB) latest data. However, sales of NSCs rose by 42.65% to BDT 19.9 billion in February this year, compared to the same month of the previous fiscal year, as revealed in the data.

■ The government in the budget for the current fiscal year imposed a 5.0% tax at source on interest income from NSCs worth up to BDT 0.5 million. It also levied 10.0% tax at source for investment in schemes above BDT 0.5 million. To meet a portion of the budget deficit for the current fiscal year, the borrowing target from savings certificates was set at BDT 270.0 billion. However, the target was reduced drastically in the revised budget owing to a falling trend in NSC sales.

■ The highest interest rate for savings instruments is near 12.0% when the government can borrow funds at 8.0 to 9.0% from banks. From July to May this year, the government borrowed BDT 643.0 billion from the banking system, while the government's bank borrowing target was BDT 473.6 billion for FY20, as per central bank data. In the upcoming budget for FY21, borrowing from savings certificates is likely to be proposed at BDT 240.0 billion.

<https://www.dhakatribune.com/business/economy/2020/06/10/sales-of-savings-tools-drops-28-in-july-feb>

Borrowers get interest rebate for April-May

■ The Bangladesh Bank yesterday drew up a policy to rebate interest for borrowers for the April-May period as part of its move to give a breathing space to them from the ongoing economic fallout. The borrowers, who have taken out a maximum of BDT 0.1 million in loans from banks, will not have to give any interest, according to a notice issued by the central bank. Banks will have to waive 2.0 percentage points interest for the borrowers, whose credit amount is between BDT 0.1 million and BDT 1.0 million.

■ The large borrowers with loans of more than BDT 1.0 million will be allowed to get 1.0 percentage point rebate. Large borrowers will get a highest interest rebate of BDT 1.2 million as per the BB decision. Banks will enjoy a subsidy of BDT 20.0 billion from the government to rebate the interest. This means banks will not rebate any amount by giving money from their own source.

■ The Bangladesh Bank calculated that a total of more than BDT 160.0 billion in interest was blocked by banks in the two months, of which BDT 20.0 billion will be rebated.

<https://www.thedailystar.net/business/news/borrowers-get-interest-rebate-apr-may-1912381>

<https://www.newagebd.net/article/108095/outstanding-loans-up-to-BDT -1-lakh-get-full-interest-waiver-for-april-may>

Exports to Canada grew 15.0% in 2019

■ Bangladesh's exports to Canada grew 14.53% year-on-year to CAD 1.97 billion last year, riding on the trade privilege extended by the North American nation. In 2018, Bangladesh's shipments to Canada was CAD 1.72 billion, more than 92% of which were apparel items, according to data from the Canada Bangladesh Chamber of Commerce and Industry in Bangladesh (CanCham). It was CAD 1.65 billion in 2017.

■ Canada is one of the traditional markets of Bangladesh. Bilateral trade crossed CAD 3.2 billion, registering 36% year-on-year growth. The trade balance is heavily tilted towards Bangladesh with products worth CAD 726 million going to Canada in 2019, said the CanCham in a press release yesterday. Canada shipped products worth CAD 1.24 billion to Bangladesh in 2019, CAD 642.0 million in 2018 and CAD 718 million in 2017.

■ Canada has turned into a good export destination as Bangladesh has been enjoying duty-free access to the market

for garment products, leather, textiles, seafood and pharmaceuticals since 2004.

<https://www.thedailystar.net/business/news/exports-canada-grew-15pc-2019-1912389>

Government to earmark BDT 100.0 billion extra for dealing with Covid-19

■ The government is keeping BDT 100.0 billion in a bulk allocation in the budget for the fiscal year 2020-21 to deal with any special situation in the country related to the coronavirus. The independent fund is additional to the regular allocation of BDT 292.5 billion for the health sector. The independent fund is additional to the regular allocation of BDT 292.5 billion for the health sector.

■ The government is also keeping BDT 35.0 billion to pay the interest on an incentive package of BDT 300.0 billion announced to supply the working capital to large industries and service sector and another package of BDT 200.0 billion for the Small and Medium Enterprises sector. In addition, the government is allocating BDT 20.0 billion in the budget to subsidise the bank loan interest whose payment was postponed during the April-May period.

<https://tbsnews.net/economy/budget/govt-earmarks-BDT-10000cr-dealing-covid-19-91495>

Asian Development Bank (ADB) okays USD 17.7 million loan for Spectra Solar Park Limited (SSPL)

■ The Asian Development Bank (ADB) confirmed USD 17.7 million worth of loan for a Bangladeshi private sector company on Wednesday for setting up a 35-megawatt (mw) solar power plant. The fund will be provided to Spectra Solar Park Limited (SSPL), an independent power producer, where some other multilateral institutions will also take part as co-financers, said a press release on Wednesday.

■ Once operational, the plant is expected to provide over 50 gigawatt-hours of clean electricity annually to the national grid and avoid 33,200 tonnes of carbon dioxide emission. The project aligns with the government's aim to reduce the country's dependence on fossil fuels through renewable energy use as per Vision 2021.

<https://today.thefinancialexpress.com.bd/last-page/adb-okays-177m-loan-for-sspl-1591811819>

<https://www.thedailystar.net/business/news/adb-finances-landmark-private-sector-solar-plant-1912341>

Bangladesh Securities and Exchange Commission (BSEC) scraps Delta Hospital's Initial Public Offering (IPO)

■ The securities regulator on Wednesday scrapped the IPO proposal of Delta Hospital as the company is unwilling to go public with 'insufficient' share price determined at the bidding. The company made a proposal to the securities regulator last week for scrapping the IPO proposal and the BSEC approved it on Wednesday.

■ The company has recently conducted IPO (initial public offering) bidding participated by eligible investors (EIs) under the book building method. At the bidding, the cut-off price was determined at BDT 11 each. As per the public issue rules, general investors are supposed to get IPO shares at BDT 9.9 each despite the face value is BDT 10 each.

■ As per the public issue rules, each sponsor-director of a listed company must hold minimum 2.0% shares and they jointly will hold minimum 30.0% shares. Most of the sponsor-directors, who nurtured Delta Hospital for long time, will lose their directorship as their individual shareholding portions will go below 2.0% if additional shares are issued to raise the proposed amount of capital worth BDT 500 million.

<https://today.thefinancialexpress.com.bd/stock-corporate/bsec-scrap-delta-hospital-ipos-1591805633>

<https://www.newagebd.net/article/108097/bsec-scrap-delta-hospital-ipos-on-cos-request>

<https://www.dhakatribune.com/business/stock/2020/06/10/bsec-cancels-delta-hospital-s-ipo>

City Bank partners with Jeddah-based International Islamic Trade Finance Corporation (ITFC)

■ City Bank entered into US Dollar 15 million trade finance line with ITFC, the trade financing arm of Islamic Development Bank (IsDB), to support private sector enterprises in Bangladesh, said a statement. Jeddah-based International Islamic Trade Finance Corporation (ITFC) is playing a key role to enhance trade and economic cooperation among member countries of the Organisation of Islamic Cooperation (OIC). Entrepreneurs can avail credit from the special fund under Islamic banking window to import raw materials from international markets.

■ City Bank is the latest partner institution to work with ITFC as it expands its financing outreach to private sector through local banks in Bangladesh. The Murabaha financing facility will enable us to provide better value to our importing clients through extensive links and support of ITFC and IsDB, according to the Additional Managing Director Sheikh Mohammad Maroof regarding the international collaboration to support small business.

<https://today.thefinancialexpress.com.bd/stock-corporate/city-bank-partners-with-itfc-1591805567>

<https://www.newagebd.net/article/108100/city-bank-partners-with-itfc-for-15m-trade-finance-line>

Investment Corporation of Bangladesh (ICB) makes over 300% profit amid dull capital market

■ The Investment Corporation of Bangladesh (ICB) saw around 303% growth in its profit in the third quarter of the current fiscal year. From January to March, the DSEX fell by 10% to 4,008 points amid the Covid-19 pandemic. During this period, ICB made a consolidated net profit of BDT 1.0 billion and earnings per share (EPS) was BDT 1.33, which were BDT 254.9 million and BDT 0.33 respectively during the same time in the previous year.

■ Although the state-owned company made huge profits, it was still facing a loss of BDT 478.1 million and loss per share was BDT 0.62. The net asset value per share stood at BDT 2.61 during this time, which was lower than that of the first three quarters of the previous year. In the 2018-19 fiscal year, the net asset value per share was BDT 40.52.

<https://tbsnews.net/companies/icb-makes-over-300-profit-amid-dull-capital-market-91543>

World Stock and Commodities*

Index Name	Close Value	Value Change YTD	% Change YTD
Crude Oil (WTI)*	USD 38.50	(USD 23.13)	-37.53%
Crude Oil (Brent)*	USD 40.73	(USD 27.71)	-40.49%
Gold Spot*	USD 1,733.26	USD 211.79	13.92%
DSEX	3,966.75	-486.18	-10.92%
S&P 500	3,190.14	-40.64	-1.26%
FTSE 100	6,329.13	-1257.92	-16.58%
BSE SENSEX	33,956.69	-7685.45	-18.46%
KSE-100	34,803.60	-5931.48	-14.56%
CSEALL	4,913.37	-1215.84	-19.84%

Exchange Rates

USD 1 = BDT 84.82*

GBP 1 = BDT 108.06*

EUR 1 = BDT 96.62*

INR 1 = BDT 1.12*

*Currencies are taken from XE Currency Converter and Commodities are taken from Bloomberg.

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